GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:2870
ANSWERED ON:07.12.2000
NEW EXPORT QUOTA POLICY
RAMKRISHNA KUSMARIA;TEJVEER SINGH

Will the Minister of TEXTILES be pleased to state:

(a) the details of New Export Quota Policy/New Investment Entitlement Scheme;

(b) whether the new Policy is facing opposition from major segments of the Textile Industry with both Apparel Export Promotion Council and Texprocil (Cotton Textile Export Promotion Council) demanding amendments in the policy;

(c) if so, the main amendments that are being proposed by both these Councils;

(d) whether the Government have also received a number of demands from several quarters for scrapping of high value entitlement;

(e) if so, the details thereof; and

(f) the time by which a final decision is likely to be taken in this regard ?

Answer

MINISTER OF STATE FOR TEXTILES

(SHRI V. DHANANJAY KUMAR)

(a) to (f): The Government had set up a Task Force to make recommendations on the long term quota (export entitlement) distribution policies for a period of five years with effect from 1.1.2000 to 31.12.2004. The Task Force invited responses from Export Promotion Councils (EPCs), leading trade associations and federations on various aspects of the quota policies.The Task Force also conducted two Open House Sessions to interact with various exporters and the associations concerned at New Delhi and Mumbai. The Task Force considered the inputs from a wide range of sources before submitting the report.This report was taken into account while framing the New Quota Policy.
As per Garments and Knitwears Export Entitlement (Quota) Policy (2000-2004), 15% of the Annual Level has been earmarked for New Investors Entitlement (NIE) SystemAllotments under the NIE system would be made only to exporters registered as manufacturer-exporters who have invested a minimum amount of Rs.50 lakhs in new machineries either in existingunit or in a new unit. The NIE has been linked to Technology Upgradation Fund Scheme (TUFs). Further, it has been made non-transferable.
Some of the important features of the new policy include, phased utilisation of quota; linking of quota for new investment with investment made in such new plant and machinery which meet the eligibility criterion of the Technology Upgradation Fund Scheme and making new investment quota entitlements non-transferable.
The Government has abolished the HVE system in the current policy. Certain other provisions of the Garment and Knitwear Quota Policy were also amended to make them more transparent and exporter friendly, which are as indicated below:-

i) A Notification dated 13-4-2000 has been issued clarifying that the third party shipments are not allowed in respect of non-transferable quotas
ii) A Notification dated 21-7-2000 has been issued to allow the stand alone exporting units, directly engaged in value addition to garments and totally dedicated to garmenting activity, to claim NIE quota. Besides, the Notification also provides the NIE quota holders to opt for not more than 50% of their eligible investment for entitlement in the next year.
iii) A Notification dated 20-11-2000 has been issued which lays down that the exporter aggrieved by the forfeiture of the EMD/BG by Quota Administering Authority may file an appeal only if he gives Bank Guarantee/Fixed Deposit/Demand Draft to cover the amount of forfeiture. At the same time, the facility of submission of Legal Undertaking (LUT) has been given to the eligible exporters who have paid the penalty of forfeiture imposed on them within the stipulated time.